

## **BASIC FINANCIAL STATEMENTS**



## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**City of Los Altos**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 39,220,615	\$ 8,077,753	\$ 47,298,368
Accounts receivable, net	1,916,472	384,145	2,300,617
Interest receivable	93,287	-	93,287
Prepaid items and inventory	35,618	-	35,618
Total current assets	41,265,992	8,461,898	49,727,890
Noncurrent assets:			
Restricted cash and investments	172,017	-	172,017
Deferred charges	73,657	-	73,657
Net pension asset	2,952,829	-	2,952,829
Capital assets:			
Nondepreciable assets	16,617,562	1,732,025	18,349,587
Depreciable assets, net	48,906,541	14,358,968	63,265,509
Total capital assets	65,524,103	16,090,993	81,615,096
Less accumulated depreciation	(17,568,291)	(10,893,585)	(28,461,876)
Capital assets, net	47,955,812	5,197,408	53,153,220
Total noncurrent assets	51,154,315	5,197,408	56,351,723
<b>Total assets</b>	92,420,307	13,659,306	106,079,613
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,547,668	746,916	3,294,584
Interest payable	12,547	-	12,547
Accrued liabilities	703,783	29,659	733,442
Other payable	120,867	-	120,867
Compensated absences payable - due within one year	396,573	228	396,801
Claims and judgments payable-due within one year	529,066	-	529,066
Long-term debt - due within one year	90,000	-	90,000
Total current liabilities	4,400,504	776,803	5,177,307
Noncurrent liabilities:			
Compensated absences payable	1,189,717	36,803	1,226,520
OPEB liability	580,343	23,689	604,032
Claims and judgments payable	1,878,453	-	1,878,453
Long-term debt - due in more than a year	1,855,000	-	1,855,000
Total noncurrent liabilities	5,503,513	60,492	5,564,005
<b>Total liabilities</b>	9,904,017	837,295	10,741,312
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	46,010,812	5,197,408	51,208,220
Restricted for:			
Debt service	368,167	-	368,167
Special projects and programs	2,677,390	-	2,677,390
Other purpose	12,000	-	12,000
Total restricted	3,057,557	-	3,057,557
Unrestricted	33,447,921	7,624,603	41,072,524
<b>Total net assets</b>	\$ 82,516,290	\$ 12,822,011	\$ 95,338,301

See accompanying Notes to Basic Financial Statements.

**City of Los Altos**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Public safety	\$ 14,101,252	\$ 347,601	\$ 100,000	\$ -	\$ 447,601
Public works	5,450,956	190,632	681,985	711,130	1,583,747
Recreation	2,502,398	1,762,830	-	-	1,762,830
Community development	4,051,892	2,649,876	168,447	-	2,818,323
Admin / community services	3,837,185	1,061,246	64,384	77,856	1,203,486
Interest on long-term debt	86,452	-	-	-	-
Total governmental activities	30,030,135	6,012,185	1,014,816	788,986	7,815,987
Business-type activities:					
Sewer	4,520,465	4,812,760	-	-	4,812,760
Solid waste	716,599	992,074	-	-	992,074
Storm Drain	199,854	-	-	-	-
Total business-type activities	5,436,918	5,804,834	-	-	5,804,834
Total primary government	\$ 35,467,053	\$ 11,817,019	\$ 1,014,816	\$ 788,986	\$ 13,620,821

**General revenues and transfers:**

Taxes:

Property taxes  
Sales taxes  
Utility users taxes  
Other taxes  
Franchise fees  
Total taxes

Interest income

Miscellaneous

Transfers

**Total general revenues and transfers**

**Change in net assets**

**Net assets - beginning of year**

**Net assets - end of year**

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (13,653,651)	\$ -	\$ (13,653,651)
(3,867,209)	-	(3,867,209)
(739,568)	-	(739,568)
(1,233,569)	-	(1,233,569)
(2,633,699)	-	(2,633,699)
(86,452)	-	(86,452)
(22,214,148)	-	(22,214,148)
-	292,295	292,295
-	275,475	275,475
-	(199,854)	(199,854)
-	367,916	367,916
(22,214,148)	367,916	(21,846,232)
12,793,603	-	12,793,603
2,587,889	-	2,587,889
2,543,287	-	2,543,287
2,910,678	-	2,910,678
1,814,265	-	1,814,265
22,649,722	-	22,649,722
275,152	70,879	346,031
387,716	-	387,716
(65,000)	65,000	-
23,247,590	135,879	23,383,469
1,033,442	503,795	1,537,237
81,482,848	12,318,216	93,801,064
\$ 82,516,290	\$ 12,822,011	\$ 95,338,301





## **FUND FINANCIAL STATEMENTS**

**Governmental Fund Financial Statements**  
**Proprietary Fund Financial Statements**  
**Fiduciary Fund Financial Statements**



## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be major funds by the City in the fiscal year 2010-11. Individual non-major funds may be found in the Other Supplementary Information section.

#### *General Fund*

Accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another funds. The General Fund supports essential City services such as police, fire, street and parks maintenance, maintenance services, community development and recreation activities.

#### *Real Property Proceeds Fund*

Accounts for the proceeds from the sale of the property.

#### *Capital Projects Fund*

Accounts for the acquisition and construction of major capital projects and plans that are financed by resources other than proprietary funds.

#### *Equipment Replacement Fund*

Accounts for the revenues and expenditures related to the replacement of certain City equipment and vehicles.

#### *Community Facilities Renewal Fund*

Accounts for the revenues and expenditures related to the community facilities renewal efforts.

#### *Non-Major Governmental Funds*

Non-major Governmental Funds is the aggregate of all the non-major governmental funds.

**City of Los Altos**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	Major Funds				
	General	Real Property Proceeds	Capital Projects	Equipment Replacement Fund	Community Facilities Renewal Fund
<b>ASSETS</b>					
Cash and investments	8,491,094	6,767,777	10,403,226	3,954,042	3,665,592
Restricted cash and investments	-	-	-	-	-
Receivables (net of allowance for uncollectibles):					
Accounts	1,053,987	-	388,602	-	-
Interest	93,287	-	-	-	-
Prepays	19,164	-	-	-	-
Inventory	16,454	-	-	-	-
<b>Total assets</b>	<b>9,673,986</b>	<b>6,767,777</b>	<b>10,791,828</b>	<b>3,954,042</b>	<b>3,665,592</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	965,264	-	1,543,603	-	-
Accrued liabilities	703,783	-	-	-	-
Other payable	120,867	-	-	-	-
<b>Total liabilities</b>	<b>1,789,914</b>	<b>-</b>	<b>1,543,603</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable:					
Inventory and prepaids	35,618	-	-	-	-
Veteran Memorial	12,000	-	-	-	-
Total nonspendable	47,618	-	-	-	-
Restricted:					
Special programs and projects	-	-	-	-	-
Debt service	-	-	-	-	-
Continuing CIP	-	-	-	-	-
Total restricted	-	-	-	-	-
Committed:					
State Budget Stabilization	1,025,000	-	-	-	-
Continuing CIP	-	-	7,070,125	732,726	-
Total committed	1,025,000	-	7,070,125	732,726	-
Assigned:					
Emergency & operating	3,936,228	-	-	-	-
OPEB	200,000	-	-	-	-
Capital projects	-	6,767,777	2,178,100	3,221,316	3,665,592
Total assigned	4,136,228	6,767,777	2,178,100	3,221,316	3,665,592
Unassigned	2,675,226	-	-	-	-
<b>Total fund balances</b>	<b>7,884,072</b>	<b>6,767,777</b>	<b>9,248,225</b>	<b>3,954,042</b>	<b>3,665,592</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,673,986</b>	<b>\$ 6,767,777</b>	<b>\$ 10,791,828</b>	<b>\$ 3,954,042</b>	<b>\$ 3,665,592</b>

See accompanying Notes to Basic Financial Statements.

Non-Major Governmental Funds		Total
2,553,541		35,835,272
172,017		172,017
72,635		1,515,224
-		93,287
-		19,164
-		16,454
2,798,193		37,651,418
18,599		2,527,466
-		703,783
-		120,867
18,599		3,352,116
-		35,618
-		12,000
-		47,618
1,589,674		1,589,674
368,167		368,167
821,753		821,753
2,779,594		2,779,594
-		1,025,000
-		7,802,851
-		8,827,851
-		3,936,228
-		200,000
-		15,832,785
-		19,969,013
-		2,675,226
2,779,594		34,299,302
\$ 2,798,193	\$	37,651,418



**City of Los Altos**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**June 30, 2011**

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<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 34,299,302</b>
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Amounts reported for governmental activities in the Statement of Net Assets were reported differently because:

Capital assets used in governmental activities are not current financial resources. Therefore, were not reported in the Governmental Funds Balance Sheet.

Land, buildings, property, equipment and infrastructure, net	47,955,812
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Long-term receivable from the sale of the Los Altos Treatment Plant is not available to pay for current-period expenditures and therefore is deferred in the fund.	400,000
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Interest payable on long-term debt does not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	(12,547)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Governmental-Wide Statement of Net Assets.	958,870
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The cost associated with the issuance of debt, net of amortization, is a use of current resources in the fund statement. Therefore, it was not reported as an asset in the Governmental Funds Balance Sheet.	73,657
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Net pension asset was not current financial resources. Therefore, it was not reported in the governmental funds.	2,952,829
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Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Long-term liabilities - current portion	(90,000)
Long-term liabilities - non-current portion	(1,855,000)
OPEB liability	(580,343)
Compensated Absences - current portion	(396,573)
Compensated Absences - non-current portion	(1,189,717)
Total long-term liabilities	<u>(4,111,633)</u>

<b>Net Assets of Governmental Activities</b>	<b>\$ 82,516,290</b>
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# City of Los Altos

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the year ended June 30, 2011

	Major Funds				
	General	Real Property Proceeds	Capital Projects	Equipment Replacement Fund	Community Facilities Renewal Fund
<b>REVENUES:</b>					
Taxes	\$ 17,713,864	\$ -	\$ -	\$ -	\$ -
Licenses and permits and park-in-lieu	3,187,014	-	-	-	-
Intergovernmental	3,121,592	-	82,117	-	-
Grants and donations	57,875	-	488,215	-	-
Charges for services	4,019,778	-	-	-	-
Fines and forfeitures	126,300	-	-	-	-
Interest and rentals	255,497	45,771	-	-	-
Other	179,174	-	-	-	-
<b>Total revenues</b>	<b>28,661,094</b>	<b>45,771</b>	<b>570,332</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>					
General government:					
Public safety	13,544,119	-	155,611	175,036	-
Public works	4,131,365	-	662,007	-	-
Recreation	1,906,658	-	115,511	39,547	-
Community development	3,305,550	-	648,391	-	-
Admin / Community services	3,516,497	-	56,003	15,803	-
Capital improvements	-	-	4,474,634	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>26,404,189</b>	<b>-</b>	<b>6,112,157</b>	<b>230,386</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>	<b>2,256,905</b>	<b>45,771</b>	<b>(5,541,825)</b>	<b>(230,386)</b>	<b>-</b>
<b>EXPENDITURES</b>					
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	306,608	-	3,037,305	-	-
Transfers out	(1,730,000)	-	-	(204,155)	-
<b>Total other financing sources (uses)</b>	<b>(1,423,392)</b>	<b>-</b>	<b>3,037,305</b>	<b>(204,155)</b>	<b>-</b>
<b>SPECIAL ITEM:</b>					
Proceeds from sale of capital assets	-	300,010	-	-	-
<b>Total special item</b>	<b>-</b>	<b>300,010</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>833,513</b>	<b>345,781</b>	<b>(2,504,520)</b>	<b>(434,541)</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Beginning of year	7,050,559	6,421,996	11,752,745	4,388,583	3,665,592
End of year	<u>\$ 7,884,072</u>	<u>\$ 6,767,777</u>	<u>\$ 9,248,225</u>	<u>\$ 3,954,042</u>	<u>\$ 3,665,592</u>

See accompanying Notes to Basic Financial Statements.



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Non-Major Governmental			
Funds		Total	
\$	-	\$	17,713,864
	-		3,187,014
	784,336		3,988,045
	383,236		929,326
	-		4,019,778
	21,608		147,908
	31,320		332,588
	341,915		521,089
	<u>1,562,415</u>		<u>30,839,612</u>
	-		13,874,766
	-		4,793,372
	-		2,061,716
	19,000		3,972,941
	256,447		3,844,750
	-		4,474,634
	85,000		85,000
	<u>80,431</u>		<u>80,431</u>
	<u>440,878</u>		<u>33,187,610</u>
	<u>1,121,537</u>		<u>(2,347,998)</u>
	165,000		3,508,913
	<u>(1,639,758)</u>		<u>(3,573,913)</u>
	<u>(1,474,758)</u>		<u>(65,000)</u>
	-		300,010
	<u>-</u>		<u>300,010</u>
	<u>(353,221)</u>		<u>(2,112,988)</u>
	<u>3,132,815</u>		<u>36,412,290</u>
\$	<u>2,779,594</u>	\$	<u>34,299,302</u>

## City of Los Altos

### Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2011

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Net Change in Fund Balances - Total Governmental Funds	\$ (2,112,988)
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Governmental activities in the Statement of Activities were reported differently because:

Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	4,839,316
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Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(1,498,545)
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Net Loss from Capital Asset disposal reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(11,000)
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Long-term compensated absences were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, long-term compensated absences were not reported as expenditures in governmental funds.	(32,948)
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OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(204,038)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the entity-wide financial statements. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payment	85,000
Amortization of cost issuance	(6,687)

Governmental funds reported PERS Side Fund Pay Down as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, this expenditure is capitalized and allocated over the remaining amortization period.	(52,966)
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Interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represents the change in accrued interest from the prior year.	666
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue of the internal service funds is reported with governmental activities.	27,632
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<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 1,033,442</b>
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See accompanying Notes to Basic Financial Statements.

## PROPRIETARY FUND FINANCIAL STATEMENTS

### ENTERPRISE FUNDS

#### *Sewer*

To account for the operation (including waste water treatment) of the City's sewer treatment activities, a self-supporting activity which provides services on a user charge basis.

#### *Solid Waste*

To account for the collection and disposal of solid waste, a self supporting activity that provides service on a user charge basis.

#### *Storm Drain*

To account for the operation of the City's urban runoff and storm drain activities.

**City of Los Altos**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	Major Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer	Solid Waste	Storm Drain	Total	
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 7,069,909	\$ 998,509	\$ 9,335	\$ 8,077,753	\$ 3,385,343
Receivables:					
Accounts	378,145	6,000	-	384,145	1,248
Total current assets	7,448,054	1,004,509	9,335	8,461,898	3,386,591
Noncurrent assets:					
Capital assets:					
Nondepreciable	1,732,025	-	-	1,732,025	-
Depreciable	12,389,747	-	1,969,221	14,358,968	-
Less accumulated depreciation	(8,924,387)	-	(1,969,198)	(10,893,585)	-
Total capital assets, net	5,197,385	-	23	5,197,408	-
Total noncurrent assets	5,197,385	-	23	5,197,408	-
<b>Total assets</b>	<b>12,645,439</b>	<b>1,004,509</b>	<b>9,358</b>	<b>13,659,306</b>	<b>3,386,591</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	736,747	10,169	-	746,916	20,202
Accrued liabilities	23,219	1,832	4,608	29,659	-
Compensated absences - current portion	228	-	-	228	-
Claims and judgments - current portion	-	-	-	-	529,066
Total current liabilities	760,194	12,001	4,608	776,803	549,268
Noncurrent liabilities:					
Compensated absences - noncurrent portion	36,803	-	-	36,803	-
OPEB liabilities	19,420	1,594	2,675	23,689	-
Claims and judgments - noncurrent portion	-	-	-	-	1,878,453
Total noncurrent liabilities	56,223	1,594	2,675	60,492	1,878,453
<b>Total liabilities</b>	<b>816,417</b>	<b>13,595</b>	<b>7,283</b>	<b>837,295</b>	<b>2,427,721</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	5,197,385	-	23	5,197,408	-
Unrestricted	6,631,637	990,914	2,052	7,624,603	958,870
<b>Total net assets</b>	<b>\$ 11,829,022</b>	<b>\$ 990,914</b>	<b>\$ 2,075</b>	<b>\$ 12,822,011</b>	<b>\$ 958,870</b>

See accompanying Notes to Basic Financial Statements.

# City of Los Altos

## Statement of Revenues, Expenses and Changes in Fund Net Assets

### Proprietary Funds

For the year ended June 30, 2011

	Major Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer	Solid Waste	Storm Drain	Total	
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 4,812,760	\$ 992,074	\$ -	\$ 5,804,834	\$ 1,082,985
Other	-	-	-	-	367
<b>Total operating revenues</b>	<b>4,812,760</b>	<b>992,074</b>	<b>-</b>	<b>5,804,834</b>	<b>1,083,352</b>
<b>OPERATING EXPENSES:</b>					
Outside services	2,278,242	665,743	68,702	3,012,687	55,852
Employee services	670,060	49,144	131,102	850,306	-
Repairs and maintenance	1,421,606	1,712	-	1,423,318	-
Claims reimbursement	-	-	-	-	586,481
Insurance	-	-	-	-	354,021
Administration	-	-	-	-	59,366
Depreciation	150,557	-	50	150,607	-
<b>Total operating expenses</b>	<b>4,520,465</b>	<b>716,599</b>	<b>199,854</b>	<b>5,436,918</b>	<b>1,055,720</b>
<b>OPERATING INCOME (LOSS)</b>	<b>292,295</b>	<b>275,475</b>	<b>(199,854)</b>	<b>367,916</b>	<b>27,632</b>
<b>NONOPERATING REVENUE:</b>					
Interest	62,237	8,642	-	70,879	-
<b>Total nonoperating revenues</b>	<b>62,237</b>	<b>8,642</b>	<b>-</b>	<b>70,879</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>354,532</b>	<b>284,117</b>	<b>(199,854)</b>	<b>438,795</b>	<b>27,632</b>
<b>TRANSFERS:</b>					
Transfers in	-	-	65,000	65,000	-
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>65,000</b>	<b>65,000</b>	<b>-</b>
<b>Change in net assets</b>	<b>354,532</b>	<b>284,117</b>	<b>(134,854)</b>	<b>503,795</b>	<b>27,632</b>
<b>NET ASSETS:</b>					
Beginning of the year	11,474,490	706,797	136,929	12,318,216	931,238
End of the year	\$ 11,829,022	\$ 990,914	\$ 2,075	\$ 12,822,011	\$ 958,870

See accompanying Notes to Basic Financial Statements.

**City of Los Altos**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2011**

	Major Enterprise Funds				Governmental Activities Internal Service Funds
	Sewer	Solid Waste	Storm Drain	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 4,580,184	\$ 1,200,860	\$ -	\$ 5,781,044	\$ -
Cash received from other funds	-	-	-	-	1,093,479
Cash payments to suppliers for goods and services	(3,104,351)	(838,128)	(68,368)	(4,010,847)	-
Cash payments to employees for services	(675,130)	(48,572)	(130,145)	(853,847)	-
Cash payments to claimants	-	-	-	-	(286,863)
Insurance premiums and settlements	-	-	-	-	(480,894)
<b>Net cash provided (used) by operating activities</b>	<b>800,703</b>	<b>314,160</b>	<b>(198,513)</b>	<b>916,350</b>	<b>325,722</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	-	-	65,000	65,000	-
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>65,000</b>	<b>65,000</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital asset additions	(1,796,311)	-	-	(1,796,311)	-
<b>Net cash used by capital and related financing activities</b>	<b>(1,796,311)</b>	<b>-</b>	<b>-</b>	<b>(1,796,311)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest	62,237	8,642	-	70,879	-
<b>Net cash provided by investing activities</b>	<b>62,237</b>	<b>8,642</b>	<b>-</b>	<b>70,879</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(933,371)</b>	<b>322,802</b>	<b>(133,513)</b>	<b>(744,082)</b>	<b>325,722</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	8,003,280	675,707	142,848	8,821,835	3,059,621
End of year	<u>\$ 7,069,909</u>	<u>\$ 998,509</u>	<u>\$ 9,335</u>	<u>\$ 8,077,753</u>	<u>\$ 3,385,343</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 292,295	\$ 275,475	\$ (199,854)	\$ 367,916	\$ 27,632
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	150,557	-	50	150,607	-
Changes in assets and liabilities:					
Accounts receivable	(232,576)	208,786	-	(23,790)	10,127
Accounts payable	595,796	(170,723)	-	425,073	(11,655)
Accrued liabilities	(299)	50	334	85	-
Due to other funds	-	-	-	-	-
Compensated absences	(12,039)	-	-	(12,039)	-
OPEB liabilities	6,969	572	957	8,498	-
Claims and judgments	-	-	-	-	299,618
Total adjustments	508,408	38,685	1,341	548,434	298,090
<b>Net cash provided (used) by operating activities</b>	<b>\$ 800,703</b>	<b>\$ 314,160</b>	<b>\$ (198,513)</b>	<b>\$ 916,350</b>	<b>\$ 325,722</b>

See accompanying Notes to Basic Financial Statements.

## FIDUCIARY FUND FINANCIAL STATEMENTS

### *Agency Fund*

Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of the results of operations. It is used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

**City of Los Altos**  
**Statement of Fiduciary Net Assets**  
**June 30, 2011**

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	Agency Funds
<b>ASSETS</b>	
Cash and investments	\$ 1,350,855
Account receivable	1,392
<b>Total assets</b>	<b>\$ 1,352,247</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 240,390
Due to others	1,111,857
<b>Total liabilities</b>	<b>\$ 1,352,247</b>

See accompanying Notes to Basic Financial Statements.